

**MINUTES OF HAMILTON COUNTY COUNCIL, September 9, 2010**  
**GENERALIZED SUMMARY**

President Carter called to order a special meeting of the Hamilton County Council at 5:00:32 p.m. Those in attendance were Councilors Steve Schwartz, Judy Levine, Meredith Carter, Jim Belden, Brad Beaver; Auditor Dawn Coverdale; Chief Deputy Auditor Robin M. Mills and Administrative Assistant, Kim Rauch.

President Carter stated that the purpose of the meeting was a discussion and planning session of the Council. There will be no input. Beginning September 14<sup>th</sup> the Council will begin budget hearings and this will be the time for department heads and elected officials to come in and go through some of the budgets. President Carter asked if there was anything from the Commissioners.

Commissioner Steve Dillinger reported that the Commissioners looked at things that could potentially be done in conjunction with whatever the Council decides to do. Commissioners looked at raising insurance premiums, four day work week and four and a half day work week.

Councilor Belden asked when this information would be shared with the Council?

Commissioner Dillinger gave the example of increasing the insurance premium \$25 would be one million dollars, going to a four and half day work week would be one million dollars. Auditor Coverdale stated that the minutes are available now.

President Carter stated that Hamilton County is new territory. The governor and the state legislature have us in a position where we have to cut our budget. This is due to tax caps (1, 2 and 3%), and COIT tax being reduced. One example is 2010 COIT is, \$25,455.393 for 2011 COIT is \$20,632.639. This is a \$5,000,000 difference. Our total budget shortage for 2011 will be \$6,281,344. The object is to balance the budget. This can be done in several ways. We can balance with cuts in certain areas. We can balance with some of our Rainy Day money that we have. I would like to see the Council be transparent with our employees. We need to communicate openly, honestly and give the facts on what we are trying to do. Secondly, we need to make sure that department heads and elected officials are involved as well, when we have budget hearings that you have ideas on how we can reduce the budget. We do not have all the answers, even though we look at the budget. We are not quite sure what we need to do, but we can get there. I think we need to be efficient in what we do as a county government.

Councilor Beaver stated his overriding principle going into this particular situation is that when we are done with this years, we set ourselves on a path that is sustainable. In the past years we have had higher budgets, higher income tax, higher COIT tax and we passed this along to county agencies (every year we had more money). We are not in that position anymore. From here on out we have less money and our overriding job as Councilors is to at least in two years starting in the next budget cycle is to get ourselves in a situation where our spending meets our income. Yes this year we can use some cash and we probably will out of our reserve; which is what they are there for. But as far as I am concerned we have to set ourselves on a path that we spend what we take in, if we continue to burn through cash it will take a short amount of time before we will have no cash.

Councilor Belden stated that he feels that the Council feels similar to what he feels in that it has been a privilege to be a Councilman for the number of years that I have been on. We are very proud of the employees and the county. Councilor Belden cannot tell you how many times we have received state awards, national awards either for the job that we are doing or the innovative way we go about doing things. It is the job of the Council to financially support the government services and balance the budget. If you budget at home it is the same way you can't let expenditures exceed revenue. That is a true balanced budget. In the last three years we have not done that. We have used some Rainy Day money, which is appropriate to get us by in hope that maybe we see some light at the end of the tunnel, that sort of thing. As you know in the Spring we worked hard to cut the budget \$4.2 million dollars and then the State comes back and says sorry your are going to be short another \$6.2 million in COIT. That's cutting over \$10 million and no one has had raises in three years and so now we are confronted with trying to balance a budget to the very best of our ability. I think personally and I think the Council's feelings are RIF is not something we want to do. It really isn't, if you cut everything down to the bone which we are getting pretty close, the Commissioners have come up with some ideas, the Council will come up with some ideas. We obviously would want to keep the wonderful employees that we have. We will tread water here and do the very best we can.

Councilor Schwartz stated without trying to be to redundant here our County Council did not cause this problem. We are just here to try and fix it and find a solution to this problem. I have said this several times and I will say it again our employees are our most valuable asset. To me, this is my number one concern. As we move forward in next weeks budget hearings with each department head is when we will address some of these cuts and they will be transparent as Meredith said. With that towards the end of our budget hearings we will make the decision. The decision that needs to be made will be made jointly with the Commissioners and Council working together as a team. I feel like we have one of the best teams in the State if not the Nation. That is what sets apart from other counties.

Councilor Levine thanked everyone for being here. We have worked as a team over the last three or four years as this has been happening. We don't have the option of running a deficit budget like the federal government does. We have to have a balanced budget. If we don't send up a balanced budget the Department of Local Government Finance will come in cut it for us and we surely don't want that to happen. We are looking at all options. We have been meeting with the Commissioners, we have been meeting with Department Heads and looking at all alternatives that we have. We appreciate any input from you. Some of you have sent emails and suggested things like selling off assets. This is not the time to do that, the markets are so bad. Our financial advisor has told us not just this year but next will probably be even worse. This could be the new normal with all the changes in the law. What we have to do is put our thinking caps on and reorganize the way we do things and be as efficient as we possibly can to get through the next couple of years. Perhaps we job share, some could take early retirement this would relieve some of the pressure. We will probably not be hiring new employees. These are things we will look at. We have all worked as a team and will continue to work as a team and we do appreciate you being here for moral support.

Councilor Carter said that you might be interested in is the fact that because of the tax caps (1, 2 and 3%) for 2011 that will cost us \$1,047,704. We have also inter-governmental revenue where departments do generate revenue for our general fund. That amount is \$2,884,400. Our interest has been as high as \$5,000,000 next year we estimate that interest will be only \$1,000,000. There is another \$4,000,000 short of what we have. It is hard for us to increase our revenues unless the legislature comes back and says we can raise our COIT tax. And I don't think we want to raise your COIT tax. So this is one of our problems, the revenue is really kind of frozen for where we are. It will stay about the same. Looking at different areas we are going to probably take a look at is: part time employees and temporary staff, overtime. These are areas that are not affected by full time people. This could however, put more work on full time staff. Hiring freeze, vacancies (probably not have those filled). We received a letter from one of our consultants that we work with on employee benefits and these are some of the ideas that they have sent us. Any facility expansion that we might be doing that will cost us money will be delayed. So those are things we will look at as well as looking at supplies and utilities.

Councilor Beaver state his general perception was from 2010 going into 2011 we have had budgets turned into us and it appeared to me that things were pretty well under control going into 2011 until we got the letter from the State telling us we were going to be \$6.2 million short in COIT revenue. Mike Reuter, Financial Consultant, tells us we need to keep half a years worth of property tax cash on hand, the reason being we do business every day and use this cash for schools and paying vendors. If for some reason taxes get delayed we have the cash on hand so we can continue to function. My thinking is what we need to do right now is to attack the problem of the \$6.2 reduction in COIT. Not only that but as you all heard we should expect that to be norm going forward and not the exception that we are going to rebound next year. We are also anticipating and not sure of a special distribution of COIT of \$2.5 million. We cannot count on that. Even if we get the \$2.5 million this will be the last because those are special distribution from a short fall that they didn't pay us. They are now telling us that we are short so we are not going to get a special distribution. My suggestion is we take half of our deficit from Rainy Day, we go to (I am not set in stone on this) four and half days. I suggested that at the last joint retreat with the Commissioners. I think it is important that the general public gets the idea that if you are going to starve local government for revenue there are certain services that you come to expect that aren't going to be at the same level if you reduce our revenue then you are going to get reduced services. We have done that internally the past couple years, but I think that everybody gets that message. I would be in favor of at least four and half days a week. Going to three or four hours shorter work week than we have. I would be in favor of increased expenditure of health insurance, because those are pre-taxed dollars. I think these things will help us get there. I think that we are at the bottom of the barrel when it comes to supplies and utilities. I really believe it will be a combination of Rainy Day money, adjustment in insurance, adjustment on work week. I think there will be a number of RIF employees by the time this thing is done. I do not see how we can avoid it. The income

that we are counting on in 2011, 2012 we cannot sustain the body count that we have today. Our revenue is down you can reduce overtime, you can shut off the lights but at the end of the day we cannot sustain the body count that we have today.

Councilor Belden stated that the first thing we as Council member have to consider as we are discussing the 2011 budget but you can't be tunnel vision, you have to look ahead at 2012 and 2013. We are very fortunate to have financial advisor who has been very conservative through the years and has allowed us to do some very nice things and maintain a balanced budgets. For your information for 2012 we will need to cut \$7 million. So everything that we make up with Rainy Day Fund is not really balancing our expenditures. If you take \$3 million out of Rainy Day you have only taken \$3 million from expenditures. Councilor Beaver stated that the \$3 million would come back next year. Councilor Belden stated that in 2013 it is another \$6 or \$7 million that will need to be cut. We can keep our fingers crossed and hope the economy changes and we are uncertain about how the State is figuring our COIT tax distribution. Three years ago the State said we owed them \$32 million we decided to file a law suit, we hoped that there were checks and balances in order, but apparently we are not sure they are following this. The other thing that the Council has to consider are large expenditures, that are not figured into the budget now, are cars for the Sheriff Department. Councilor Beaver stated that the cars would be considered coming from the Rainy Day Fund. Councilor Belden stated that EMS is another issue that will be before the Council during this budget session. Councilor Beaver said that they are to get numbers for the Council. Councilor Schwartz stated that Councilor Belden is correct and that money will need to be set aside for EMS. This amount could be between \$300,000 and \$500,000. Councilor Belden stated that we have received a request from Janus where they need \$500,000 match for their bus service. These are things that we will have to consider. Councilor Beaver asked if Social Security was coming out of Rainy Day. Auditor Coverdale said that the Social Security has been moved back to County General for 2011. Councilor Beaver stated that we have different places to pick up the \$6.2 million short fall, we have not indication that revenues will revert back so even if we use all Rainy Day money in one year, the deficit is still there if you don't reduce your expenditures versus revenue.

Councilor Schwartz stated that he has been making notes the past couple of weeks and he agrees with Councilor Beaver that it will be a combination of several cuts. Councilor Schwartz is not willing to use all the Rainy Day Fund. Councilor Schwartz thinks that some of the first cuts should come from the Council and Commissioners, just to set the standard that I am willing myself to take a pay cut. What that percentage is I don't know, but I think it should set the standard as we move forward. I think we should use \$3 to \$4 million from Rainy Day Fund also the possibility (I don't know the exact numbers) of the four or four and half day work week. Also the proposed insurance contributions that might go up, but there would be some tax benefits included. Councilor Beaver thinks if you take \$100 away from a person or you cause them to spend it on something else they are pretax then it ends up being \$75 instead of \$100. Councilor Beaver wants to talk more with the Commissioners on the insurance issue, because of the Obama Plan and what ramifications this would have. Councilor Beaver asked Auditor Coverdale what a reduced work week would save? Auditor Coverdale said she calculated 2 ½ hours a week. Councilor Schwartz stated that it calculated to about \$500,000. Councilor Schwartz stated if you closed a whole day you would potentially save \$60,000 to \$100,000 for utilities.

Councilor Levine stated that the Council wants to save jobs, because the job market is dismal. Councilor Levine stated that if employees could retire, if people clock out at lunch time and watch our overtime, it would be helpful. Councilor Levine stated she is in favor of using Rainy Day Fund.

Councilor Carter stated he has looked at doing a furlough program instead of doing a reduced work week. This means that each employee would take off a set amount of time during the year. Seven days would cost each employee about \$820. This could be a rough savings of about \$738,000. Councilor Beaver asked if this would be sporadic or at the same time. Councilor Carter said this needs to be discussed. Councilor Beaver asked if there would be a problem with our court system. Councilor Levine stated that they can get permission from the Supreme Court. Councilor Schwartz stated that these are things that will need to be explored as we move forward. Councilor Schwartz stated that we are in uncharted territory. Councilor Carter stated that we do not know how much these things will save; we will have to do some calculating. Departments are going to have to come back and tell us what they can do. Councilor Beaver stated that the Elected Officials and Department Heads have prepared their budgets as we asked them to do. It is in the can we will get it next week and have a general discussion with them, but I don't want any of them going out the door and coming in next week, I would say that you need to prepare internally, but I don't have a percentage that I am looking for from any particular one. I

think the Council and Commissioners will say we have to have x. I think it is up to us to decide how we will address it. If they have ideas they can share them with us. Councilor Beaver knows that we need \$2 million. Councilor Levine stated that we have to maintain our equipment and computer system. Councilor Carter stated that the employee could go back to paying their own 3% PERF contribution. Councilor Schwartz stated for the proposed increase of health insurance at \$25 per pay period would equal \$933,000 with FICA. Councilor Beaver continued to say that the cuts must be sustainable. Councilor Levine feels that the Council can get to the number needed with many of the options that have been given today.

Councilor Carter asked Commissioner Dillinger if the Highway has taken into account the federal money they will be reimbursed. Yes it has been taken into consideration. Commissioner Dillinger asked if he could share a couple things. Commissioner Dillinger stated that there are a couple things that need looked at: if we close early it is about a 9 1/2% reduction in pay for each employee. This only affects civil employees; you cannot take deputies off the road, so they would not participate. This would not include the Highway Department either. So there are some inequities. This is where the contributions with the insurance if increased \$25 a pay period it reduced the budget by \$933,000. If increased by \$50 a pay period it reduces the budget by \$1.8 million. This is shared by everyone. We looked if we went to a four day work week and added an hour on each day, you are still cutting about three and half hours a week, but again it is on a smaller amount of people. Councilor Carter thinks it would be good to make cuts where it affects all employees in stead of just some. This will need to be looked at. Councilor Schwartz wanted to know if there is a meeting set with the Commissioners for after budget hearings. Councilor Schwartz thinks this meeting needs to be done as soon as possible after the hearings. Auditor Coverdale stated that it needs to be advertised and that the Commissioners would like to meet before the Council goes into the non-binding reviews on Thursday. This meeting will advertised for Thursday morning September 16<sup>th</sup> at 8:00 a.m. Councilor Beaver asked Auditor Coverdale what the drop dead date is for the \$6.2 million cut. Auditor Coverdale stated it will need to be done by October 18<sup>th</sup>. If everything is not done by then, then if falls after the first of the year. If Hamilton County does not get our appeal. It will add another \$700,000 to be cut. Commissioner Dillinger reported that he and Mike Howard met with Senator Kenley and asked him to set up a meeting with the revenue people and Mike Reuter to see if they will revisit the COIT issue.

**Those present:**

Mark Bowen, HCSD  
Brad Davis, Highway Director  
Ollie Schierholz, Court Administration  
Thurl Cecil, Coroner  
Mike Howard, County Attorney  
Wendy Cash-May, Human Resources  
Mike Reuter, Fiscal Consultant.  
Carol Goodnight, HR  
Kenton Ward, Surveyor  
Clayton Whitson, HCSD  
Joe Mangus, HCSD  
Kathleen Brown, HCSD  
David Bice, HC EMA  
Chuck Murray, HCSD  
Todd Uhrick, HCSD  
Jessica Bendzen, Citizen  
Scott Hazel, HCSD  
Steve Dillinger, Commissioner  
Robin Eckart, Assessor Deputy  
Matt Coleman, HCSD  
Joe Robbins, HCSD  
Brittany Stubblefield, HCSD  
Brian Niec, HCSD  
Melissa Nickel, HCSD  
Leslie Huber, Recorder Deputy  
Dave Hayden, HCSD  
Nancy Achenbach, Recorder Deputy  
Dustin Castor, HCSD  
Andrew Carey, HCSD  
Josh Carey, HCSD  
Robert Simmons, HCSD  
Graham Packham, HCSD

Dan Stevens, Director of Adm  
Alex May, Citizen  
Linda Burdett, Planning  
Ryan Horine, Deputy Sheriff  
Sheena Randall, Human Resources  
Sonia Leerkamp, Prosecutor  
Gary Goodnight, Citizen  
Mary Clark, Recorder Deputy  
Timothy Garner, HCSD  
Cheryl Garner, HCSD  
Lisa Jeffries, HCSD  
Carl Erickson, HC EMA  
Brian Riley, HCSD  
Tom Gelhausen, HCSD  
Jeff Marcum, HCSD  
Larry Bendzen, HCSD  
Nick Risinger, HCSD  
Bill Rice, Extension Office  
Chris Mertens, ISS  
Robert Simmons, HCSD  
Vicky Dunbar, HCSD  
Shannon Daniels, Circuit Court  
Danielle Roque, HCSD  
Jeffrey WehmueLLer, Prosecutor  
Jennifer Hayden, Recorder  
Kim Powell, Assessor Deputy  
Cindy Robison, HCSD  
Joe Dorsey, HCSD  
John Carpenter, HCSD  
Kevin Benson, HCSD  
Matthew Coleman, HCSD  
Scott Jones, HCSD

Chris Russell, HCSD  
Pam Watson, Treasurer Deputy  
Nancy Williamson, Assessor Deputy  
Rhonda Musselman, Auditor Deputy  
Linda Westrich, Auditor Deputy  
Joel Stubblefield  
Alesa Cox, Parks Department  
Charles Hobson, Recorder Deputy  
WA Farley, HCSD  
Peggy Anne Hoy, HCSD  
Kathy Gordon, HCSD  
Charles Kiphart, Planning

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President

Bill Collier, HCSD  
Carrie Gayde, Treasurer Deputy  
Christopher Calhoun, HCSD  
Constance Woodward, Auditor Deputy  
Bonnie Schwemmin, Auditor Deputy  
Dennis Quakenbush, HCSD  
Cheryl Hobson, Recorder Deputy  
Felicia Smock, Recorder Deputy  
Galen Hart, HCSD  
Jimmy Pharis, HCSD  
Paul Ayers, Council Elect

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Auditor